

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6456

BILL NUMBER: SB 124

NOTE PREPARED: Dec 4, 2002

BILL AMENDED:

SUBJECT: Hoosier Homeland Security Account.

FIRST AUTHOR: Sen. Ford

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill creates the Hoosier Homeland Security Account in the state General Fund to provide grants to state and local governments to enhance safety.

Effective Date: January 1, 2004.

Explanation of State Expenditures: The bill creates the Hoosier Homeland Security Account and provides that it be administered by the Budget Agency. The Account consists of funds appropriated annually to the Account from the Build Indiana Fund. Money in the Account at the end of the state fiscal year does not revert to the state General Fund. The bill does not contain an appropriation, so the impact would depend on appropriations by the Legislature.

Projects at the state level include:

- enhancing statewide emergency and police communications; and
- funding of the State Police Department laboratory.

Background Information on the Build Indiana Fund (BIF): Resources Available to BIF - The Build Indiana Fund (BIF) receives funds from two sources: (1) surplus Lottery revenue and (2) revenues from gaming taxes and pari-mutuel taxes. Under current statute, surplus Lottery revenue in the Lottery Commission's Administrative Trust Fund is first transferred to the Teachers' Retirement Fund (TRF) and the Pension Relief Fund (PRF). Once these transfers are made, the remaining surplus Lottery revenue is distributed to BIF.

Current statute also requires distribution of revenue from the Riverboat Wagering Tax, the Pari-mutuel Wagering Tax, the Pari-mutuel Satellite Facility Tax, the Charity Gaming Excise Tax, and the Charity

Gaming License Fee to BIF. Beginning in FY 2003, the total annual distribution to BIF from Lottery, gaming, and pari-mutuel sources is effectively capped at \$250 M. (This is because current statute limits the annual distribution of Riverboat Wagering Tax revenue at an amount equal to \$250 M minus the sum of the surplus Lottery revenue and revenue from other gaming and pari-mutuel taxes distributed to BIF during that fiscal year.)

Distributions from BIF - Under current statute, \$236.2 M annually must be transferred from BIF to the Motor Vehicle Excise Tax Replacement Account (MVETRA) within the state General Fund. Money remaining in BIF after the MVETRA transfer is available for state and local capital projects. However, the 2001-2003 Biennial Budget (P.L. 291-2001) requires transfers of \$200 M in FY 2002 and \$175 M in FY 2003 from BIF to the Property Tax Replacement Fund (PTRF). In addition, the State Board of Finance (on April 8, 2002) approved an additional transfer of \$247.3 M from BIF to the state General Fund during FY 2002. As a result, appropriations for capital projects during the current biennium totaling \$242.5 M are suspended, and the balance in BIF has declined from \$347.3 M on July 1, 2001, to \$16.0 M on June 30, 2002. The \$175.0 M transfer from BIF to PTRF for FY 2003 was made by the State Budget Agency on August 13, 2002. Consequently, the remaining resources in BIF during FY 2003 are expected to fund only \$92.0 M of the required \$236.2 M MVETRA transfer. As required under current statute, the \$144.2 M shortage will be paid from the state General Fund. Ultimately, this is expected to leave no money in BIF to fund state and local capital projects during FY 2003. The amount available for state and local capital projects is estimated to total about \$13.8 M each year in FY 2004 and FY 2005. The table below contains actual and projected BIF revenue and spending totals for FY 2001 to FY 2005.

Surplus Lottery and Gaming Revenue & Distributions (Millions)*

Revenues & Distributions	FY 2001 (Actual)	FY 2002 (Actual)	FY 2003 (Projected)	FY 2004 (Projected)	FY 2005 (Projected)
Beginning Balance in BIF	\$324.2	\$347.3	\$16.0	\$0.0	\$0.0
Surplus Lottery Revenue in Adm. Trust Fund	\$160.0	\$166.1	\$166.1	\$166.1	\$166.1
TRF Transfer	(\$30.0)	(\$30.0)	(\$30.0)	(\$30.0)	(\$30.0)
PRF Transfer	(\$30.0)	(\$30.0)	(\$30.0)	(\$30.0)	(\$30.0)
Surplus Lottery Revenue to BIF	\$100.0	\$106.1	\$106.1	\$106.1	\$106.1
Surplus Gaming Revenue to BIF	\$268.2	\$292.5	\$143.9	\$143.9	\$143.9
Interest	\$26.9	\$13.7	\$1.0	\$0	\$0
Total Resources in BIF	\$719.3	\$759.6	\$267.0	\$250.0	\$250.0
MVETRA Transfer**	(\$234.7)	(\$236.2)	(\$92.0)	(\$236.2)	(\$236.2)
PTRF Transfer^	\$0	(\$200.0)	(\$175.0)	\$0	\$0
GF Transfer^^	\$0	(\$247.3)	\$0	\$0	\$0
Amount Available for State & Local Capital Projects*^	\$484.6	\$76.1	\$0	\$13.8	\$13.8
Amount Allotted to State & Local Capital Projects*^	\$137.3	\$60.1			

*Updated 10/18/02.

**The required transfer from BIF to MVETRA in FY 2003 is \$236.2 M. The \$144.2 M shortage is to be paid from the state General Fund.

^Transfers required under 2001-03 Biennial Budget (P.L. 291-2001).

^^Transfer approved by the State Board of Finance on April 8, 2002.

*^Actual totals in FY 2001 and FY 2002.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: The bill provides grants to governmental entities for local projects that include:

- police, fire, emergency medicine, and rescue operations;
- public works devoted to safety, including designing buildings or public areas to provide for safety and security; and
- improvements in local emergency planning.

State Agencies Affected: State Emergency Management Agency, State Police, Budget Agency.

Local Agencies Affected: Local civil units.

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